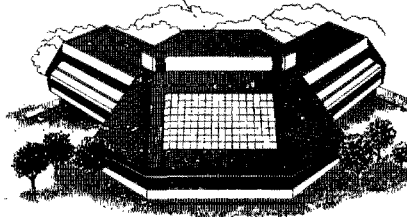


The National Bank of Waterloo



February 20, 1986

14910

RECORDATION NO. _____ Filed 1425

FEB 26 1986 -9 30 PM

434
Date 2/26/86
Fee \$ 10.00

LOC Washington, D. C.

Ms. Mildred Lee
Interstate Commerce Commission
12th & Constitution Avenue NW
Room 2303
Washington, D. C. 20423

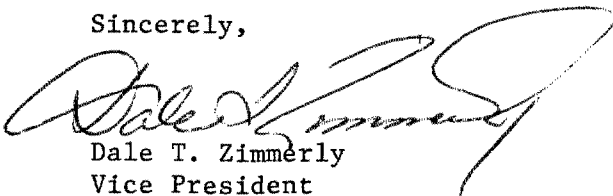
Dear Ms. Lee:

Enclosed please find an original and copy of our Business Security Agreement and Financing Statement properly notarized covering our filings on corporate office renovation costs for the Chicago Central and Pacific Railroad. These assets have been pledged to The National Bank of Waterloo, 100 East Park Avenue, P. O. Box 90, Waterloo, Iowa 50704 as collateral for certain loan commitments.

We are enclosing a check in the amount of \$10.00 payable to the Interstate Commerce Commission representing the fee for the recording. Kindly return a copy of the Business Security Agreement and Financing Statement after they have been recorded along with a receipt for the payment of recording fees.

Thank you for your assistance.

Sincerely,



Dale T. Zimmerly
Vice President

DTZ/mcb

Enclosures



100 EAST PARK AVENUE • WATERLOO, IOWA 50703

INSTRUCTIONS

1. Please type this form.
2. Remove pages 4 and 5 (Debtor and Secured Party copies) and send the first 3 pages with interleaved carbon paper to the filing officer with \$4.00 filing fee. If the space provided for any item(s) is inadequate, the item(s) should be continued on additional sheets. Use of additional sheets or a non-standard form requires an additional fee of \$1.00. At the time of original filing, the filing officer will return the third copy as evidence of filing. The Secured Party may use the third copy as a termination statement by dating and signing the termination section at the bottom of the form. No fee is required for filing a termination statement.
3. If the security agreement is filed as a financing statement, include a completed set of 3 pages of this form which need not be signed, and an additional fee of \$1.00.
4. If the property is crops, (crops are filed only with the Secretary of State) the description of the real estate must reasonably identify what is described (UCC 9-110).

This FINANCING STATEMENT is presented to THE FILING OFFICER for filing pursuant to the Uniform Commercial Code:

1 Debtor(s) (Last Name First) and address(es)

CHICAGO CENTRAL AND PACIFIC
RAILROAD
1006 E. 4th Street
Waterloo, Iowa 50703

2 Secured Party(ies) and address(es)

THE NATIONAL BANK OF WATERLOO
100 EAST PARK AVENUE
WATERLOO, IOWA 50704

3 For Filing Officer (Date, Time, Number, and Filing Office)

REGISTRATION NO. 14910-1425
FEB 26 1986 - 9 30 PM

4 This Financing Statement covers the following types (or items) of property:

Lease hold improvements, furniture and fixtures as well as office equipment, (excluding fixtures and equipment used for the dispatch, monitoring, and similar control and communication purposes in connection with the debtors railroad operations) now owned or hereinafter acquired located in the corporate office of Chicago Central and Pacific Railroad located on the 4th floor of the building located at 501 Sycamore Street, Waterloo, Iowa.

5 Name and Address of Assignee

6 Description of Real Estate (see instruction 4).

In claiming proceeds, the secured party does not consent to sale or other disposal of the collateral.

Interstate Commerce Commission

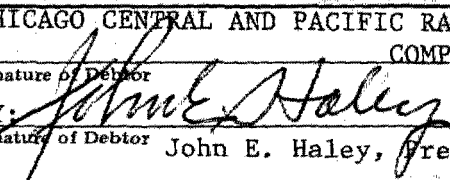
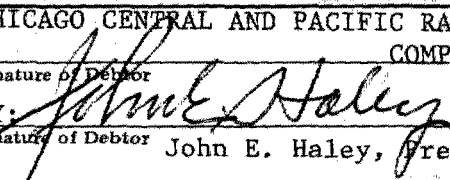
7 
Signature of Secured Party Dale T. Zimmerly, VP

Type or print all names (Iowa Code 335.2)

(Secured party or other appropriate signature may be substituted for debtor(s) signature only in cases covered by UCC 9-402(2), and 9-408, and must be identified as such when used.)

8 ☒ Products of Collateral are Covered. ☐ Debtor is a transmitting ut as defined in UCC 9 105(1)

CHICAGO CENTRAL AND PACIFIC RAILROAD
COMPANY

9. 
BY: 
Signature of Debtor John E. Haley, President

Type or Print all names (Iowa Code 335.2)

CORPORATE

STATE OF Iowa Black Hawk COUNTY, ss:

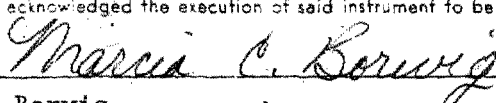
On this 16th day of January A.D. 19 86 before me, the undersigned, a Notary Public in and said County and State, personally appeared John E. Haley

_____ to me personally known, who being by me

sworn, did say that they ~~are~~ he is the President ~~xxx~~ respectively, of said corporation; that (no seal has been procured by the said) corporation; that said instrument was signed and sealed ~~(the seal affixed thereto is the seal of said)~~

behalf of said corporation by authority of its Board of Directors; and that the said John E. Haley

_____ as such officers, acknowledged the execution of said instrument to be the voluntary and deed of said corporation, by it and by them voluntarily executed:


(1) Marcia C. Borwig Notary Public in and for said County and

FEB 26 1986 - 9 30 PM

BUSINESS SECURITY AGREEMENT

1. **SECURITY INTEREST** — The undersigned ("Debtor(s)") grants to The National Bank of Waterloo ("Bank") a security interest in the property, wherever located, checked in paragraph 2 ("Collateral") to secure debtors indebtedness to bank under that certain promissory note in the principal amount of \$440,000 dated January 16, 1986 (Obligations).
The obligations hereunder of all Debtors are joint and several. This Agreement benefits Bank, its successors and assigns, and binds the Debtor(s) and their respective heirs, personal representatives, successors and assigns.

2. DESCRIPTION OF COLLATERAL —

One or more boxes must be checked:

- (a) ☐ **GENERAL COLLATERAL.** If checked here, all of Debtor's equipment, fixtures, inventory (including all goods held for sale, lease or demonstration or to be furnished under contract of service, trade-ins and repossessions, raw materials, work in process and materials or supplies used or consumed in Debtor's business), documents, general intangibles, accounts, contract rights, chattel paper, and instruments; whether now owned or hereafter acquired.
- (b) ☐ **SCHEDULED COLLATERAL.** If checked here, Debtor's inventory, accounts, contract rights, equipment, general intangibles, instruments, documents of title and chattel paper described in the attached schedule and any additional schedules delivered by Debtor to Bank from time to time.
- (c) ☒ **SPECIFIC COLLATERAL.** If checked here, the following described accounts, contract rights, chattel paper, equipment, general intangibles, instruments, documents of title and inventory of Debtor and all inventory of the same type or types hereafter acquired by Debtor.

Lease hold improvements, furniture and fixtures as well as office equipment, (excluding fixtures and equipment used for the dispatch, monitoring, and similar control and communication purposes in connection with the debtors railroad operations) now owned or hereinafter acquired located in the corporate office of Chicago Central and Pacific Railroad located on the 4th floor of the building located at 501 Sycamore St., Waterloo, Iowa.

- (d) ☐ **ALL INVENTORY.** If checked here, all inventory and documents relating to inventory now owned or hereafter acquired by Debtor, including all goods held for sale, lease or demonstration or to be furnished under contracts of service, trade-ins and repossessions, raw materials, work in process and materials or supplies used or consumed in Debtor's business.
- (e) ☐ **ALL RECEIVABLES.** If checked here, all accounts, contract rights, chattel paper and instruments now owned or hereafter acquired by Debtor.
- (f) ☐ **ALL EQUIPMENT.** If checked here, all equipment and fixtures now owned or hereafter acquired by Debtor.
- (g) ☐ **ALL GENERAL INTANGIBLES.** If checked here, all general intangibles now owned or hereafter acquired by Debtor.

And as additional collateral all additions to and replacements of all such collateral, and all accessories, accessions, parts and equipment now or hereafter affixed thereto or used in connection therewith, and all additions and accessions to, all spare and repair parts, special tools, equipment and replacements for, all returned or repossessed goods the sale or lease of which gave rise to, and all proceeds and products of the foregoing, wherever located, and the property covered hereby is fixtures, it is and will be located on the following described property in _____ County, Iowa:

LANDOWNER: If other than Debtor, the record owner of the land above described is _____

All collateral described in paragraph 2 herein is referred to in this Agreement collectively as the "Collateral", and shall include all such Collateral wherever located.

3. **DEBTOR'S WARRANTIES** — Debtor warrants that while any of the Obligations are unpaid: (a) **OWNERSHIP.** Debtor is the owner of the Collateral free of all encumbrances and security interests (except Bank's security interest), and chattel paper constituting Collateral evidences a perfected security interest in the goods covered by it, free from all other encumbrances and security interests, and no financing statement (other than Bank's) is on file covering the Collateral or any of it. If inventory is represented or covered by documents of title, Debtor is the owner of the documents, free from all encumbrances and security interests other than Bank's security interest. (b) **SALE OF GOODS OR SERVICES RENDERED.** Each account and chattel paper constituting Collateral arose and will arise from the performance of services by Debtor or from a bona fide sale or lease of goods which have been or will be hereafter shipped to the account Debtor. Debtor shall deliver to Bank such invoices, shipping or other receipts, and other papers and instruments as Bank may require. (c) **ENFORCEABILITY.** Each account, contract right and chattel paper constituting Collateral is genuine and enforceable against the account debtor according to its terms. It and the transaction out of which it arose comply with all applicable laws and regulations. The amount represented by Debtor to Bank as owing by each account debtor is the amount actually owing and is not subject to setoff, credit, allowance or adjustment, except discount for prompt payment, nor has any account debtor returned the goods or disputed his liability. (d) **DUE DATE.** No payment on any account or chattel paper constituting Collateral is more than 60 days overdue, there has been no default according to the terms of any such Collateral and no step has been taken to foreclose the security interest it evidences or otherwise enforce its payment. (e) **FINANCIAL CONDITION OF ACCOUNT DEBTOR.** Debtor has no notice or knowledge of anything which might impair the credit standing of any account debtor. (f) **CONDITION.** The inventory constituting Collateral is in good condition and, in the case of goods held for sale (other than trade-ins or repossessed goods), is new and unused except as Bank may otherwise consent in writing. (g) **VALID INCORPORATION.** If a corporation, Debtor is duly organized, validly existing and in good standing under the laws of the state of incorporation and if a foreign corporation is licensed to do business in Iowa. (h) **OTHER AGREEMENTS.** Debtor is not in default under any agreement for the payment of money. (i) **AUTHORITY TO CONTRACT.** The execution and delivery of this Agreement and any instruments evidencing Obligations will not violate or constitute a breach of Debtor's Articles of Incorporation, By-Laws or any agreement or restriction to which Debtor is a party or is subject. (j) **ACCURACY OF INFORMATION.** All information, certificates or statements given to Bank pursuant to this Agreement shall be true and complete when given. (k) **MATURITY OF COLLATERAL.** All Collateral, and any evidence of debt received thereon, will be paid in full at maturity. If any Collateral should not be paid in whole or in part, Debtor will, upon demand, pay Bank the full amount remaining unpaid thereon or, at Bank's option, such amount may be charged against and deducted from any payment then or thereafter due from Bank to Debtor. Notwithstanding such payment or deduction, Bank may retain the Collateral as security for the obligations of Debtor to Bank. (l) **ADDRESSES.** The address of Debtor's residence, or if a corporation or partnership, the address of Debtor's place of business, or if Debtor has more than one place of business, then the address of the Debtor's chief executive office, is shown opposite Debtor's signature. The address where the Collateral will be kept, if different from that appearing opposite Debtor's signature, is _____

Such locations shall not be changed without prior written consent of Bank, but the parties intend that the Collateral, wherever located, is covered by this Agreement. (m) **CHANGE OF NAME OR ADDRESS.** Debtor shall immediately advise the Bank in writing of any change in name or address.

THIS SECURITY AGREEMENT SPECIFICALLY INCLUDES ALL THE ADDITIONAL PROVISIONS SET FORTH ON THE REVERSE SIDE HEREOF, THE SAME BEING INCORPORATED HEREIN BY REFERENCE.

Signed and Sealed on _____ January 16, 19 86

Address: 1006 E. 4th Street
Waterloo, Iowa 50703

CHICAGO CENTRAL AND PACIFIC RAILROAD COMPANY

County: Black Hawk

Debtor
(SEAL)

BY: John E. Haley
John E. Haley, Debtor
President (SEAL)

CORPORATE

STATE OF Iowa Black Hawk COUNTY, ss:

On this 16th day of January, A.D. 19 86, before me, the undersigned, a Notary Public in and for said County and State, personally appeared John E. Haley xxxxx

_____ to me personally known, who being by me duly sworn, did say that xxxxxxx he is the President xxxxx respectively, of said corporation; that (no seal has been procured by the said) corporation; that said instrument was signed and sealed on _____ (the seal affixed thereto is the seal of said)

4. **DEBTOR'S COVENANTS** — Debtor agrees: (a) **MAINTENANCE OF COLLATERAL.** Debtor shall maintain the Collateral in good condition and repair and not permit its value to be impaired; keep it free from all liens, encumbrances and security interests (other than Bank's security interest); defend it against all claims and legal proceedings by persons other than Bank; pay and discharge when due all taxes, license fees, levies and other charges upon it; not sell, lease or otherwise dispose of it or permit it to become a fixture or an accession to other goods, except for sales or leases of inventory as provided in this Agreement; not permit it to be used in violation of any applicable law, regulation or policy of insurance; and, as to Collateral consisting of instruments and chattel paper, preserve rights in it against prior parties. Loss of or damage to the Collateral shall not release Debtor from any of the Obligations. (b) **INSURANCE.** Debtor shall keep the Collateral and Bank's interest in it insured under policies with such provisions, for such amounts and by such insurers as shall be satisfactory to Bank from time to time, and shall furnish evidence of such insurance satisfactory to Bank. Debtor assigns (and directs any insurer to pay) to Bank the proceeds of all such insurance and any premiums refund, and authorizes Bank to indorse in the name of Debtor any instrument for such proceeds or refunds and, at the option of Bank, to apply such proceeds and refunds to any unpaid balance of the Obligations, whether or not due, and/or to restoration of the Collateral, returning any excess to Debtor. Bank is authorized, in the name of Debtor or otherwise, to make, adjust and/or settle claims under any credit insurance financed by Bank or any insurance on the Collateral, or cancel the same after the occurrence of an event of default. (c) **MAINTENANCE OF SECURITY INTEREST.** Debtor shall pay all expenses and, upon request, take any action reasonably deemed necessary by Bank to preserve the Collateral or to establish, determine priority of, perfect, continue perfected, terminate and/or enforce Bank's interest in it or rights under this Agreement. Bank shall be vested with all Debtor's rights, security interests, insurance, and guarantees with respect to all Collateral, its proceeds, and the goods represented thereby, including the rights of stoppage in transit, sellers lien, and resale. (d) **COLLATERAL RECORDS AND STATEMENT.** Debtor shall keep accurate and complete records respecting the Collateral in such form as Bank may approve. At such times as Bank may require, Debtor shall furnish to Bank a statement certified by Debtor and in such form and containing such information as may be prescribed by Bank, showing the current status and value of the Collateral. (e) **INSPECTION OF COLLATERAL.** At reasonable times Bank may examine the Collateral and Debtor's records pertaining to it, wherever located, and make copies of records. Debtor shall assist Bank in so doing. (f) **SERVICE CHARGE.** In addition to the required payments under the Obligations and this Agreement, Debtor shall pay Bank's then current service charges for servicing and auditing in connection with this Agreement. (g) **CHattel PAPER.** Chattel paper constituting Collateral shall be on forms approved by Bank. Debtor shall promptly mark all such chattel paper, and all copies, to indicate conspicuously the Bank's interest and, upon request, deliver them to bank. (h) **UNITED STATES CONTRACTS.** If any accounts or contract rights constituting Collateral arose out of contracts with the United States or any of its departments, agencies or instrumentalities, Debtor will notify Bank and execute writings required by Bank in order that all money due or to become due under such accounts or contract rights shall be assigned to Bank and proper notice of the assignment given under the Federal Assignment of Claims Act. (i) **MODIFICATIONS.** Without the prior written consent of Bank, Debtor shall not alter, modify, extend, renew or cancel any Collateral. (j) **RETURNS AND REPOSSESSIONS.** Debtor shall promptly notify Bank of the return to or repossession by Debtor of goods underlying any Collateral and Debtor shall hold and dispose of them only as Bank directs. Debtor will hold the same segregated in trust for and subject to the order of Bank, and Bank may take and sell the same, Debtor to remain liable for any difference between the original invoice price and the net proceeds of resale, after expenses. At Bank's option, Debtor will pay to Bank the original invoice price of such goods. In case any such goods should be resold, the Collateral thereby created shall be Bank's property and shall be deemed pledged hereunder. (k) **FINANCIAL CONDITION.** Debtor is solvent and will so remain, and induces Bank to make advances hereunder upon Debtor's written representations concerning its financial condition, which it agrees to deliver to Bank upon reasonable request from time to time. Debtor will make due and timely payment or deposit of all Federal, State and local taxes, assessments or contributions required by law, and will execute and deliver to Bank, on demand, appropriate Certificates attesting to the payment or deposit thereof.

5. **USE OF PROPERTY** — Debtor warrants, covenants and agrees that the extension of credit secured by this Agreement is for business, commercial or agricultural purposes, or is to an organization and is therefore an exempt transaction under the Federal Truth in Lending Act and the Iowa Consumer Credit Code, and so long as any Obligation hereunder remains unpaid, the same shall continue to be true and correct.

6. **SALE AND COLLECTIONS** — (a) **SALE OF INVENTORY.** So long as no default exists under any of the Obligations of this Agreement, Debtor may, (a) sell inventory in the ordinary course of Debtor's business for cash or on terms approved by Bank, at prices not less than the minimum sale price shown on instruments evidencing Obligations and describing inventory, or (b) with the prior written consent of Bank, lease inventory on terms approved by Bank. (b) **VERIFICATION AND NOTIFICATION.** Bank may verify Collateral in any manner, and Debtor shall assist Bank in so doing. Bank may at any time and Debtor shall, upon request of Bank, notify the account debtors to make payment directly to Bank and Bank may enforce collection of, settle, compromise, extend or renew the indebtedness of such account debtors. Until account debtors are otherwise notified, Debtor, as agent of Bank, shall make collections on the Collateral. (c) **DEPOSIT WITH BANK.** At any time Bank may require, all proceeds of Collateral received by Debtor shall be held by Debtor upon an express trust for Bank, shall not be commingled with any other funds or property of Debtor and shall be turned over to Bank in precisely the form received (but endorsed by Debtor if necessary for collection) not later than the business day following the day of their receipt. All proceeds of Collateral received by Bank directly or from Debtor shall be applied against the Obligation in such order and at such times as Bank shall determine. This paragraph shall not be construed to mean that Bank consents to any sale of Collateral, except inventory as described in Section 554.9109, Uniform Commercial Code of Iowa. (d) **INVENTORY RECORDS.** Upon request of Bank at any time while the Obligations hereby secured remain unpaid, Debtor will furnish to Bank a signed statement, in form satisfactory to Bank, showing the current status of the inventory herein secured, to include for any given period designated by Bank the opening inventory, inventory acquired, returned or repossessed, inventory used or consumed in Debtor's business, and closing inventory. If at any given time the value of the Collateral does not equal or exceed (1) the total amount of Obligations of Debtor to Bank; or (2) a certain percentage of Obligations as agreed upon, Debtor shall at once pay the excess of indebtedness to Bank or transfer additional collateral to Bank to meet Bank's satisfaction.

7. **OBLIGATIONS SECURED** — This security instrument is given to secure the performance of the covenants and agreements herein set forth and the payment of the obligations evidenced by the promissory note(s) or other instruments executed by Debtor to the order of Bank and any indebtedness of Debtor to Bank hereinabove defined as such "Obligations" at paragraph 1, whether now existing or hereafter incurred, of every kind and character, direct or indirect, and whether indebtedness is from time to time reduced and thereafter increased or entirely

extinguished and thereafter incurred, including, without limitation, any sums advanced by Bank for license fees, insurance, repairs, attorney fees, and other charges and expenses incurred in the collection of the Obligations secured hereby.

8. **RIGHTS OF BANK** — (a) **AUTHORITY TO PERFORM FOR DEBTOR.** Upon the occurrence of an event of default or if Debtor fails to perform any of Debtor's duties set forth in this Agreement or in any evidence of or document relating to the Obligations, Bank is authorized, in Debtor's name or otherwise, to take any such action including without limitation signing Debtor's name or paying any amount so required, and the cost shall be one of the Obligations secured by this Agreement and shall be payable by Debtor upon demand with interest at the rate agreed upon by the parties from the date of payment by Bank. (b) **CHARGING DEBTOR'S CREDIT BALANCE.** Debtor grants Bank, as further security for the Obligations, a security interest and lien in any credit balance and other money now or hereafter owed Debtor by Bank or any assignee of Bank and in addition, agrees that Bank may, without prior notice or demand, offset against any such credit balance or other money any amount owing upon the Obligations, whether due or not. (c) **NON-LIABILITY OF BANK.** Bank has no duty to determine the validity of any invoice, the authority of any shipper to ship goods to Debtor or compliance with any order of Debtor. Bank has no duty to protect, insure, collect or realize upon the Collateral or preserve rights in it against prior parties. Debtor releases Bank from any liability for any act or omission relating to the Obligations, the Collateral or this Agreement, except Bank's wilful misconduct.

9. **ACCELERATION OF OBLIGATIONS AND DEFAULT** — Upon the occurrence of any of the following events, the Bank may at its option, orally or in writing, declare the whole unpaid balance of any obligation secured by this Agreement, immediately due and payable and if not so paid, then may declare Debtor to be in default under this Agreement; said events being as follows: (a) Debtor fails to make payments to the Bank as agreed. (b) Debtor fails to perform the other obligations agreed to be by him performed in any paragraph of this agreement. (c) Debtor or agent has made or furnished a false statement, representation or warranty in a material respect. (d) Debtor fails in his business; or if there occurs the dissolution or termination of its existence; or if any proceedings under any bankruptcy or insolvency law by or against the Debtor or by any guarantor or surety hereon for the Debtor is commenced; or if the Debtor shall make any assignment for the benefit of creditors. (e) Occurrence of loss, theft, damage or destruction of the Collateral not covered by adequate insurance containing a loss payable clause for the protection of Bank. (f) Sale or encumbrance of any of the Collateral in violation of covenants, representations or warranties herein, or the making of any levy, seizure or attachment thereof or thereon. (g) Bank believes itself insecure.

10. **REMEDIES** — Upon default as in paragraph 9 above, Bank shall have all the rights and remedies of a Secured Party under the Uniform Commercial Code of Iowa (among others see Code Sections 554.9501-554.9507 inclusive) and under any other applicable laws. Debtor will, at Bank's request, assemble the Collateral and make it available to the Bank at such place as is designated by the Bank, which shall be reasonably convenient. Debtor agrees that any regular business place in the county where this transaction takes place, as designated by the Bank, shall be deemed reasonably convenient to both parties. Any requirements of reasonable notice by either party to the other or to the guarantors or sureties of Debtor shall be met if such notice is mailed, postage prepaid to the address of the parties shown on this agreement (or to such other mailing address as either party in writing later furnishes to the other) at least five days before the time of the event or contemplated action set forth in said notice. Debtor agrees to pay all expenses of retaking, holding, preparing for sale, selling and reasonable attorney's fees and legal expense as may be allowed by law and incurred by Bank in enforcing its rights, under this Security Agreement. **INSPECTION OF COLLATERAL.** Debtor hereby authorizes Bank, its agents or assigns to enter upon the premises of the Debtor at any reasonable time, and whether or not in default, to inspect the Collateral; and if in default to possess, or attempt to possess said Collateral and to assert or attempt to assert the rights of the Bank under any of the terms and provisions of this agreement. Debtor waives all rights and claims for trespass or conversion and damages in any manner thereby caused by Bank, its agents or assigns. All exemptions in and to any of the collateral are hereby waived. **INSECURITY.** If and when, and so long as the Bank believes itself insecure, and even though Debtor is not then in default, the Bank, at its option, and without liability for trespass, conversion, and damages may repossess and keep possession of any or all of said Collateral as provided herein; but without acceleration of maturity, unless and until the Debtor is in default. **RIGHTS AND REMEDIES CUMULATIVE.** The rights and remedies herein conferred upon the Bank shall be in addition to and not in substitution of or in derogation of rights and remedies conferred by the Uniform Commercial Code of Iowa, and other applicable law.

11. **NON-WAIVER, EXTENSIONS** — Any extension of time for payment of any installment due with respect to the Obligations or the acceptance of only a part of such installment, or the failure of the Bank to enforce the strict performance of any covenant, promise or condition herein contained on the part of the Debtor to be performed, shall not operate as a waiver of the right of the Bank thereafter to require that the terms hereof be strictly performed according to the tenor hereof. No party shall be discharged from liability to the Bank by reason of the Bank's extending the time for payment of an installment or installments due with respect to the Obligations, or by reason of the Bank's waiver or modification of any terms of this Agreement. All parties hereto severally waive presentment for payment, notice of non-payment, protest, notice of protest and diligence in bringing suit against any party hereto.

12. **ASSIGNMENTS AND DEFENSE** — Debtor agrees that Bank shall have the right to negotiate or assign the security interest evidenced by this Agreement and the note or other Obligations which it secures, and understands that Bank may do so without any notice to Debtor. Debtor specifically agrees that if there is any assignment or transfer of the security agreement, debt instrument, or note evidencing any Obligation, the assignee or transferee shall have all of the Bank's rights and remedies under this Agreement and that Debtor will not assert as a defense, counter-claim, set-off, cross complaint or otherwise, any claim, known or unknown, which he now has or hereafter acquires against the Bank in any action commenced by an assignee or transferee of this Agreement and the note or other evidence of an Obligation or Obligations which it secures, and will pay such assigned Obligation to the assignee at his place of business as it becomes due.

13. **INTERPRETATION** — The validity, construction and enforcement of this Agreement are determined and governed by the laws of the State of Iowa. All terms not otherwise defined have the meanings assigned to them by the Iowa Uniform Commercial Code. Invalidity of any provision of this agreement shall not affect the validity of any other provision.

14. **CONSTRUCTION** — Words and phrases herein, shall be construed as in the singular or plural number, and as masculine, feminine, or neuter gender, according to the context. The paragraph headings of this Agreement are for convenience only and shall not limit the terms of this Agreement.